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**ARIZONA CORPORATION COMMISSION**

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March 5, 2008

Arizona Corporation Commission  
**DOCKETED**

MAR 5 2008

DOCKETED BY

Jeffrey C. Zimmerman, Esq  
Moyes Storey Ltd  
1850 N. Central Ave., Suite #1100  
Phoenix, Arizona 85004

RE: Del Rio Water Company, LLC – Application for Extension of its Certificate of Convenience and Necessity (CC&N) Docket No. W-04074A-08-0094  
INSUFFICIENCY LETTER

Dear Sir:

In reference to the above mentioned application filed on February 15, 2008, this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiencies are:

1. Please provide a schedule of plant in service for five years.
  - a. A schedule of plant in service projections for plant items and their individual costs.
  - b. A schedule of depreciation rates and projected depreciation expense.
  - c. A schedule of accumulated depreciation for each of the five projected years.
2. Please provide projected balance sheets for each of the five years.
3. Please provide a schedule of Developer advances in aid of construction and refunds for the five projected years (if applicable).
4. Please provide a schedule of Developer contributions in aid of construction and refunds for the five projected years (if applicable).
5. Please provide a schedule of service line and meter installation revenue and refunds for the five projected years.
6. Please provide a projected statement of income for the 12 months ended each of the five years.

7. Please provide a schedule of projected revenues for each of the five years, type of revenue and sources of revenue.
8. Please provide a schedule of the gallons sold (1,000s) for the five projected years by meter size and type of customer.
9. Please provide a schedule for the computation of projected property taxes for the five years ended.
10. Please provide a schedule of the projected cash flow for the five years ended.
11. Please provide a schedule of projected revenue for the five years ended which includes:
  - a. Projected customer numbers
  - b. Meter sizes for those customers
  - c. Projected revenue for each meter size and for standpipe sales
  - d. Annual gallons delivered (in 10,000s)
  - e. Assuming average usage per month of: (1) daily gallons; (2) residential customers; and other customers
12. Please provide a schedule of meter deposits for the projected five years.
13. Please provide a schedule of other revenue for the projected five years ended.
14. Please provide a schedule of the computation for state and federal income taxes (if applicable).
15. Please provide a schedule of the projected capital financing.
16. The requested area is approximately 3,000 acres (4.7 square miles). The attached preliminary plat (drawing U-2) shows much less than 3,000 acres. Therefore, a master plan is needed to show the entire 3,000 acres, with phase-in projects if to be implemented.
17. The submitted construction cost of the proposed water system is \$4,000,138. How much of this proposed system is for the 3000 acres.
18. Please provide the requests for service for all the properties in the requested CC&N area.
19. Please provide a map of the requested service territory with an identification of the respective property owners requesting service.
20. Please provide a copy of the Arizona Department of Environmental Quality's Approval to Construct the water facilities to serve the proposed CC&N area. If the Approval to Construct has not been issued, please inform Staff of the status of the application for the Approval to Construct.

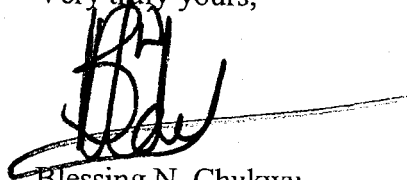
21. Please provide a copy of the Arizona Department of Water Resources ("ADWR") Analysis of Assured Water Supply or Certificate of Assured Water Supply for the CC&N area requested. If none of these are available, please provide a copy the ADWR Physical Availability Determination.
22. Please provide a copy of the Town of Chino Valley franchise agreement for the proposed CC&N area. If the franchise agreement has not been issued, please inform Staff of the status of the applications for the franchise agreements.
23. Please indicate who will be providing wastewater service in the proposed extension area.

Staff would like to use this opportunity to bring the following to your attention:

- In light of the fact that the Company failed to provide crucial information needed in order to process the application and the indication in the application that such information would not be available until April 15, 2008, Staff will be requesting formal dismissal of this application. The applicant may re-file the application when all the above information is available.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840, Marlin Scott Jr. at 602-542-7272, or Darak Eaddy at 602-542-0855.

Very truly yours,



Blessing N. Chukwu  
Executive Consultant III

BNC

cc: Docket Control  
Del Smith  
Lyn Farmer  
Brian Bozzo  
Vicki Wallace